Southern California Gas Company

A Sempra Energy utility℠

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Mr. Michael Robertson, P.E.
Program Manager
Gas Safety and Reliability Branch
Consumer Protection and Safety Division
California Public Utilities Commission
320 W. Fourth Street, Suite 500
Los Angeles, CA 90013

Dear Mr. Robertson:

The Safety and Enforcement Division (SED) of the California Public Utilities Commission conducted a G.O. 112-E Comprehensive Operation and Maintenance Audit of Southern California Gas Company's (SCG) Inland Distribution Region (Region) on September 23 to October 4, 2013. The audit included a review of the Region's records from the period of October 2012 to August 2013 and random inspections of pipeline facilities in the Yucca Valley, Beaumont, El Centro, and Palm Desert districts. SED staff also reviewed the Region's operator qualification records, which included field observation of randomly selected individuals performing covered tasks.

SED staff did not identify any probable violations of G.O. 112-E, Reference Title 49 Code of Federal Regulations (CFR), Part 192. However, SCG submitted documentation regarding non-compliances to SED, which are addressed in our response as you've requested.

SoCalGas looks forward to working with you and your staff to address areas of concern you might have. Please feel free to contact me at the number above or Troy Bauer at (909) 376-7208 if you have any questions or need additional information.

Sincerely,

W. Jeff Koskie
Pipeline Safety and Compliance Manager

Attachments

Response to Summary of Audit Findings

2013 SCG Inland Distribution Region Audit September 23 – October 4, 2013

1. **Title 49 CFR Part 192, Section 192.13(c) – General Requirements**

"Each operator shall maintain, modify as appropriate, and follow the plans, procedures, and programs that it is required to establish under this part."

SCG Procedure 223.0125 – Leakage Priority Classification

"Section 4.1.2 – The maximum amount of pending time that a Code 1 leak order can exist between the temporary and permanent repair is… 15 months for Distribution."
"Section 4.2.1.1 – [Code 2] Leaks shall be repaired or cleared no later than 15 months from the date the leak was reported."

SCG discovered and notified SED that the Region repaired two Code 2 leaks (Leak Object 600607599 and 600607607) beyond the 15 month period as defined in SCG's procedures. The Region originally detected the leaks in late 2010, but due to a defect in its new electronic record system, it did not repair the leaks until February 3, 2012 and December 8, 2011 respectively. These errors occurred in 2010 when the Region transferred its leak data to a new electronic record system. SED found the Region in violation of Title 49 CFR Part 192, Section 192.703(b).

Response:
The error in processing Leak Object 600607607 was identified in a review to find and reconcile potential duplicate leaks in SCG's System Application Processing (SAP) system that may have been created during the conversion process from the legacy systems to SAP. The SAP system, as originally designed, could deactivate the leak object automatically if no results were recorded. Once this issue was realized, the leakage clerk attempted to recreate the leak order for Leak Object 600607607 since the leak had not been repaired. In the process of recreating the leak order, the clerk neglected to reactivate the leak object so the leak order was never generated. The fact that the leak order had not been generated was discovered during a search of the system to verify that all inactive leaks had valid repair or re-evaluate orders, or a good reason for being inactive. From the time of detection of the leak on 8/13/2010, to the time of permanent repair on 12/8/11, a total of 15 months and 25 days had passed, resulting in our being out of compliance with our company standard by 25 days.

The error in processing Leak Object 600607599 was identified by the region leakage department while reviewing inactivated leaks that did not have valid repair information. This leak was also transferred from the legacy system into SAP. The initial re-evaluate order went out in January 2011 under the new system and was processed. However, a system error did not create a follow up order and inactivated the leak. The leakage clerk

caught this in February 2011 and attempted to correct it by reissuing the next re-evaluate order; it was done incorrectly and the order never went out. The leak was detected again in September 2011 on routine leakage survey and was repaired in February 2012. The time elapsed from initial detection of the leak on July 27, 2010 to final repair on February 3, 2012 was approximately 18 months.

Corrective action:
These errors occurred during the initial phase of the roll out of the new SAP system. Lack of experience in the system's technology allowed for the human errors that occurred in the incorrect completion of the leak orders and the incorrect detection date being applied to the leak object in an effort to correct that error. There are now Graphic User Interface (GUI) programs in place to help simplify the clerical processes of working in SAP. These programs have business logic validations in place that will prevent users from erroneously completing orders. The programs also warn users if they are attempting to cancel the only non-canceled leak order related to a leak object, and restrict change access to orders that the user has not been trained to handle. In addition, logic was added to the automated system to prevent the system from inactivating a leak object when a leak order was completed with no results.

Additionally, reports have been put in place to monitor compliance due dates that are reviewed by multiple organizations including leakage, distribution field, and dispatch that will help with this issue. Two of these reports detect a Leak Repair Order completed without results.

2. Title 49 CFR Part 192, Section 192.455(a)(2) – External Corrosion Control

"(a) …each buried or submerged pipeline installed after July 31, 1971, must be protected against external corrosion… (2) It must have a cathodic protection system designed to protect the pipeline in accordance with this subpart, installed and placed in operation within 1 year after completion of construction."

SCG discovered and notified SED that the Region did not install cathodic protection (CP) on a 3,000-foot section of 8-inch high pressure main located in the city of San Bernardino. The Region installed the pipeline section in September 2002. The completed construction drawings showed that the Region installed two anodes to the pipeline section; however SCG could not locate the anodes. The Region bonded this section to two adjacent CP areas upon discovery of the issue on November 20, 2012. The Region installed two anodes to the main and combined two adjacent CP areas with the section of pipeline to create a new CP area "SL41-27". The Region leak surveyed 1,300 feet of the unprotected main every five years in July 2007 and June 2012 and found no leaks. The Region leak surveyed the remaining 1,700 feet of pipeline section on an annual basis and found no leaks. SED found the Region in violation of Title 49 CFR Part 192, Section 192.455(a)(2).

Response and Corrective Action:
All construction plans that involve steel pipe must be routed to the Cathodic Protection (CP) department for analysis of construction and installation measures that are required to establish protection against external corrosion. There is a sign-off for this on the actual construction planning print. An additional sign-off area has been added so that the "as built" completion sketch is also routed through the CP department for sign-off. This will cue the CP personnel reviewing the document that the pipe is in operation and they need to test it to ensure the CP system is protecting the pipe or, if necessary, create a new CP area and complete the associated administrative work required.

3. Title 49 CFR Part 192, Section 192.465(a) – External Corrosion Control: Monitoring

"Each pipeline that is under cathodic protection must be tested at least once each calendar year, but with intervals not exceeding 15 months..."

SCG discovered and notified SED that the Region did not inspect the cathodic protection on a 337-foot section of 4-inch steel main located in the city of Seeley in the El Centro district within the 15 month period as required. The Region discovered the problem when a System Protection Supervisor was reviewing paperwork left on the desk of a coworker who changed positions. The Region installed cathodic protection in May 2011 but did not monitor the CP area until June 2013, exceeding the required 15-month inspection period by approximately ten months. The Region leak surveyed these 337 feet of protected but unmonitored main every five years. The most recent survey was completed in July 2012 and no leaks were found. The Region SED found the Region in violation of Title 49 CFR Part 192, Section 192.465(a).

Response and Corrective Action:
Proper CP package creation was thoroughly covered with the employee who failed to complete the creation of this CP area/package in 2011, as well as with the Region's System Protection group. In the future, Inland System Protection department will closely monitor the work of employees who are changing jobs, retiring, or off work for any substantial amount of time, to ensure all work in progress gets completed and processed in a timely fashion.

4. Title 49 CFR Part 192, Section 192.739(a) – Pressure Limiting and Regulating Stations

"Each pressure limiting station, relief device (except rupture discs), and pressure regulating station and its equipment must be subjected at intervals not exceeding 15 months, but at least once each calendar year, to inspections and tests…"

SCG discovered and notified SED that the Region did not inspect Regulator Station 6413 in the city of Glendora within the 15-month compliance time frame as required. The Region installed the Regulator Station on May 24, 2011, without establishing a maintenance window

within its work tracking system. In September 2012, SCG discovered that the Region missed the inspection of the Regulator Station and manually created a work order. On December 31, 2012, the Region inspected the Regulator Station, exceeding the required 15-month inspection period by approximately three months. No leaks or hazardous conditions were found. SED found the Region in violation of Title 49 CFR Part 192, Section 192.739(a).

Response:
It was determined that the Regulator Station was created without a maintenance plan due to a clerical error. The clerk failed to manually set up the maintenance plan in the work tracking system and the required notification to inspect the Regulator station was not sent out in May of 2012.

Corrective Action:
An update to the work tracking system was made in June of 2012 to no longer rely on the manual set up of a maintenance plan for a newly installed Regulator Station. A maintenance plan is now automatically created in the work tracking system once the clerk enters the Regulator Station into the system. A notification is automatically sent out the following year, before the base inspection month of the Regulator Station.